



# USAID | UKRAINE

FROM THE AMERICAN PEOPLE

## AGRICULTURE

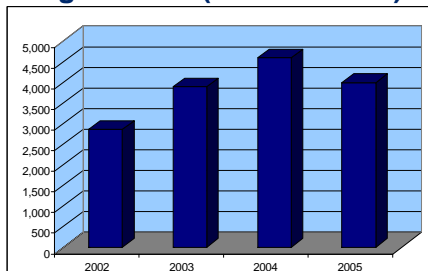


Photo: Roman Salo  
Bounty from Zakarpattya

### THE CHALLENGE

The agricultural sector generates 13 percent of GDP, one-fifth of employment, and is a major source of present and future foreign exchange earnings. The Government of Ukraine has declared its intentions to move toward a market economy and private ownership of enterprises and land, yet, strong opposition remains in the Parliament and parts of the executive branch to limiting state involvement in agricultural trade and production. Many former collective farms continue to exist under the guise of new legal entities, causing uncertainty among farm workers and the general public about the effect of agricultural restructuring and land privatization.

### Land Titles Issued to SMEs and Agriculture (in thousands)



### OVERVIEW

Agriculture, agro-industry and the entire food system are key factors to the transformation of the Ukrainian economy. From 1990 to 2006, the number of private farmers in Ukraine has increased from zero to 42,447. Even more remarkable has been their increased land use and production capacity. While Ukrainian agricultural production is beginning to return to and exceed Soviet era levels, more changes are needed to help the agricultural sector reach its true potential in the global marketplace. USAID is assisting Ukraine's agricultural sector in: 1) privatizing agricultural land and enterprise land; 2) strengthening private farmer participation in the value added chain; 3) enabling private farmer access to credit; 4) reforming the legislative and regulatory framework; 5) strengthening private agribusiness, co-ops and farmer associations by providing short-term technical assistance; and, 6) improving collection, analysis and distribution of market information.

### OUR PROGRAMS

#### Agricultural Marketing Project

The project provides technical assistance and training for small and medium-sized family farms to 1) increase production of saleable commodities and products; 2) organize and strengthen producer organizations and group businesses; and 3) establish a market information system to develop retail, wholesale and processor markets, focusing on market linkages. Program goals are to: increase the volume and value of farmer produce; decrease market transaction costs; increase rural employment; and 4) increase food processing production.

#### Ukraine Land Titling Legal Centers

The project carries out public education efforts and provides legal assistance to ensure that new land owners know their legal rights and responsibilities.

#### Agribusiness Volunteer Project (Farmer-to-Farmer)

American volunteers provide short term technical assistance to private agricultural producers in production, processing, marketing, extension and institutional development, crediting, business-planning, cooperative development.

#### Agricultural Policy, Legal and Regulatory Reform Project

Work with the Ukrainian government and private business to support growth of the country's agriculture and food sector, through new legislation, new practices and adoption of modern technologies, which includes integration into the global trading system.

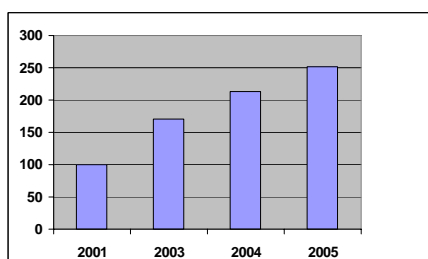
#### Agricultural Lending in Rural Areas Project

The project provides access to a source of credit, which enables small farmers to purchase inputs and equipment through the Nadra Bank, a privately-owned Ukrainian bank. The project provides Nadra with a partial loan portfolio guarantee to extend loans to small farmers and suppliers.

## PROGRAM OBJECTIVES

- Achieve 100 percent land privatization in Ukraine and develop an agricultural land market;
- Assist in developing and implementing: policy reforms to decrease agricultural taxes and subsidies; regulatory reform; and privatization of government owned agricultural facilities;
- Support the development of local, private, non-governmental associations and cooperatives;
- Assist private farmers and household plot owners to purchase affordable production technology, access the latest production inputs, and achieve fair prices through marketing cooperatives;
- Support development of linkages between producers, processors, wholesalers and retailers.
- Facilitate additional sources of credit for private agricultural producers;
- Improve processed food quality, safety of meat and seafood products, and export earnings.

**Volume Increase of processed fruits and vegetables, %  
National Level**



## Implementing Partners

**Land Titling:** Chemonics International

**AgMarketing:** Land O'Lakes, Citizens Network for Foreign Affairs (CNFA), Louisiana State University (LSU),

**AgPolicy:** Abt. Associates, Inc.,

**Agricultural Lending:** Nadra Bank and Pragma Corporation.

## PROGRAM HIGHLIGHTS

### Land Titling:

- Private family farms and household plots, which use 36 percent of available agricultural land, now produce 69.4 percent of agricultural output.
- There are now more than 10 private sector agricultural associations which represent private sector agricultural interests to the GOU. All were instrumental in the development and passage of the new Land Code.
- Agricultural associations were instrumental in the development and passage of the Land Code by the Parliament in November 2001. This legislation confirmed the predominance of private land ownership, lays the groundwork for creation of a land market, and limits government involvement and control over land and, in the future, the land market.
- As of May 1, 2006, more than 1,550,000 state deeds were issued to rural inhabitants with USAID assistance. An additional 250,000 state acts will be issued soon.

### AgPolicy:

- Developed policy recommendations in the areas of agricultural taxation, subsidies, restructuring of regulatory agencies and privatization of government enterprises that compete with private sector companies.
- The International Institute for Food Safety and Quality was established, and was influential in developing the National Standard on Food Safety and other legislation. The institute has trained 1,000 individuals in Basic HACCP, 111 of them have been certified in the U.S. The Institute has become a Regional HACCP Training Center for Eastern Europe/CIS region. Several model associations have been established enhancing the efficiency of the supply chain in the food industry.

### AgMarketing:

- As of September 2, 2005, the value of marketing agreements facilitated by the project to date totaled over 15,506,025 hrv (over \$3,070,500). Actual produce sales realized to date by the project totaled 15,437,928 hrv (\$3,057,015).

### Agribusiness Volunteer Project (Farmer-to-Farmer):

- 11,328 people have received assistance in a combination of production training, business planning, marketing and organizational development;
- Two service co-ops have been created in Globino Rayon in Poltava Oblast;
- Credit union loans to 8,439 farmers reached a total value of \$11,892,859, and Raifaissen Bank has requested that its agricultural loan officers receive the same training;
- 1,425 farmers were able to purchase \$4.9 million of inputs in 2005, an increase of \$1 million over the previous year;
- Total revenue from crop sales by assisted farmers increased by 64 percent - from \$1.28 million to \$2.68 million.

### Agricultural Lending:

- Since 2002, the Development Credit Authority grant program managed through Nadra Bank has been used to extend 256 loans valued at \$3.5 million to small farmers and agricultural input suppliers through a partial loan guarantee mechanism for medium- and long- term loans. The average loan disbursed is \$14,000.

**For more information, please contact USAID/Ukraine Development Outreach & Communications, tel. (380 44) 537 4600 or visit <http://ukraine.usaid.gov>**